

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR)	
AUTHORITY TO BORROW FROM THE NATIONAL)	
RURAL UTILITIES COOPERATIVE FINANCE)	CASE NO. 10148
CORPORATION AND TO EXECUTE ITS MORTGAGE)	
NOTE OR A SERIES OF MORTGAGE NOTES TO)	
SERVE THE SAME AND FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	

O R D E R

Jackson County Rural Electric Cooperative Corporation ("Jackson County") filed its application on February 1, 1988, for a certificate of public convenience and necessity to construct certain improvements and additions to its existing plant, and for approval to borrow funds and to execute its notes and mortgages to secure such loan. The Commission requested additional information by Order dated February 26, 1988. Its responses were filed on March 10, 1988, and March 17, 1988. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$7,362,670, and will be financed by a loan of \$5,107,000 from the Rural Electrification Administration ("REA") and a loan of \$2,255,670 from the National Rural Utilities Cooperative Finance Corporation ("CFC").

FINDINGS AND ORDERS

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the construction by Jackson County of the improvements and additions to its existing plant as described in the application and record, and that a certificate should be granted.

2. The proposed borrowing from CFC is for lawful objects within the corporate purposes of Jackson County, is necessary and appropriate for and consistent with the proper performance by Jackson County of its service to the public, and will not impair its ability to perform that service.

3. Jackson County is capable of executing its notes as security for the loan as stated herein.

4. Jackson County should utilize the interest rate program which will result in the net lowest cost of money to Jackson County over the term of the financing.

5. Jackson County should notify the Commission of the interest rate option elected for financing approved herein along with a statement as to the basis for the decision.

6. The proceeds from the proposed borrowing should be used only for the lawful purposes set out in the application and record.

7. Jackson County should file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

8. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental

agency does not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action of Jackson County's proposed loans from the REA is required.

IT IS THEREFORE ORDERED that:

1. Jackson County be and it hereby is granted a certificate of public convenience and necessity to proceed with the construction and additions as set forth in the application and record.

2. Jackson County be and it hereby is authorized to borrow \$2,255,670 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Jackson County at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

3. Jackson County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

4. Jackson County shall comply with all matters set out in Findings 4 through 7 as if it was individually so ordered.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 29th day of March, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmings
Chairman

Robert M. Davis
Vice Chairman

James N. Williams
Commissioner

ATTEST:

Executive Director